

FOR IMMEDIATE RELEASE  
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FOR MORE INFORMATION  
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## PROPOSED ZORTMAN/LANDUSKY PARTIAL BOND RELEASE

Helena -- The Montana Department of Environmental Quality (DEQ) is proposing partial releases of construction assurance bonds submitted by Zortman Mining, Inc., for the Zortman and Landusky mines located in northcentral Montana.

The construction assurance bonds are surety bonds issued by National Union Fire Insurance Company of Pittsburgh, Pennsylvania, and United States Fidelity and Guarantee and initially totaled \$10,100,000. Of the \$10,100,000 face amount of the bond, the Department previously released \$6,484,979 based on the construction by Zortman Mining, Inc., of water capture systems and primary treatment facilities at the two mines. Construction of these facilities was guaranteed by the bonds. DEQ has also spent \$1,840,000 of the bonds for construction of nitrate and cyanide treatment systems.

The bonds also guaranteed the construction of water quality compliance systems in Alder Spur, Carter Gulch, Sullivan Park, Mill Gulch and King Creek drainages. Zortman Mining, Inc., constructed capture systems in four of the drainages (Alder Spur, Carter Gulch, Sullivan Park, and Mill Gulch) in 1996 and 1997. The surety companies have requested release from their liability under the bonds to construct the four completed capture systems in the amount of \$1,574,052. The bond calculations that were used to determine the amounts of the construction surety bonds indicate that the four completed capture systems, including prorated administrative expenses, cost a total of \$1,574,052 to construct. The construction assurance bonds are not transferable to other reclamation, water treatment or construction needs at the Zortman and Landusky mines or to any other obligations of Zortman Mining, Inc.

The partial bond releases would not release the surety companies from any other obligations under the construction assurance bonds, including the construction of a water quality compliance system in the King Creek drainage. DEQ would retain coverage of \$200,970 under the bonds, an amount that is sufficient to cover the construction of the compliance system in the King Creek drainage. The partial releases would not release the surety companies from any obligations under other bonds held by the DEQ, including bonds for maintenance and operation of the water quality compliance systems.

The public may submit written comments to the Department on the proposed partial bond releases and also has an opportunity for a hearing on the proposed partial bond releases. Comments and written requests for a hearing must be submitted to the Department of Environmental Quality, Environmental Management Bureau, Attn: Wayne Jepson, P. O. Box 200901, Helena, MT 59620-0901 by [date that is at least thirty days from the date of publication].

### END ###